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**An:** mossfon@pt.lu  
**Betreff:** Proposed Change to the BVI law  
**Anlagen:** pic15724.gif

Dear Mr D [REDACTED]

I attach a note received on the proposed change in the BVI legislation on bearer shares. I would like your views and what you propose for all our clients who have purchased BVI companies with bearer shares. Likewise I would be interested to know whether Panama has similar plans to change its legislation on bearer shares.

Kind regards

Claude Marx

Proposed Change to the BVI law  
Global Trustee, 16 December 2002

(Embedded image moved to file: pic15724.gif) Overview The British Virgin Islands Financial Services Commission has issued an Aide Memoire for a new regulatory regime for bearer shares in the jurisdiction. The following are contained in draft legislation due to be passed, and should represent the spirit of the changes. The key points of the proposed new legislation are as follows:

The mobility of bearer shares will be restricted by requiring that

when they are issued they must be held with an "Authorized Custodian" or "Recognized Custodian" as such terms are defined in

the draft legislation. Bearer shares holders must also make a declaration of interest.

The ability of any company to issue bearer shares will be subject to higher annual government license fees. (Note that this does not mean

whether the company has issued bearer shares or not, but whether the company, by its memorandum and articles of association, has the power to do so)

The particulars of directors of the BVI companies are required to be

kept in the BVI at the registered office of the company. The information on these registers will be accessible exclusively to law

enforcement and regulatory officials under relevant legislation or by court order.

There will a two-year transition to facilitate the transfer of existing bearer shares from the old to the new regime; and a one

year period for provision of directors register to the registered office.

Solutions

Bearing in mind that there is a grace period for the transition, please ensure that you take the time to discuss with clients the various options that are open to them.

HSBC Republic Trustee Group can assist your clients to change their bearer shares into registered shares. If your clients have concerns about being the registered shareholder, the provision of director and shareholder to BVI companies is part of a range of trust group services available. We can also to arrange for deletion of the power to issue bearer shares in the company's memorandum and articles of association.

However, if your clients insist on holding onto bearer shares, the bearer shares must be kept by an approved custodian. Our BVI trustee will be able to offer custodianship services to the bearer shares holders at the discretion of the head of business of the private banking unit with which the client has the relationship.

The Trust group can also advise on alternative planning

- Fully managed company service (offering director and shareholder

- Conversion of the BVI company into other trust services which will enhance benefits to the clients Benefits of change of registered agent For clients who have an existing relationship with HSBC Republic, we also encourage change of registered agent to HSBC International Trustee (BVI) Limited. With this choice, the KYC information of the client and the register of directors will be kept with HTVG in the BVI, and therefore also within the HSBC group.

Actions to consider

Gather information on clients with Bearer shares

Discourage clients from using bearer shares on set-up of new companies

For existing companies within grace

- - - Arrange for conversion of bearer share
- - - Arrange for custody of bearer
- - - Where applicable, change M&A of the BVI company to avoid a higher government license
- - - Arrange to place director's register with the registered agent

Take the time to discuss with clients their options, conversion can be done at the beginning of next year when the new law comes into effect.

Contact the HSBC Republic Trust group for assistance and suggestions on additional planning ideas.

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